

Message Text

CONFIDENTIAL

PAGE 01 MEXICO 13616 230109Z

46

ACTION ARA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03

INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04

CEA-01 L-03 H-02 AGRE-00 /083 W

----- 057995

R 230025Z OCT 76

FM AMEMBASSY MEXICO

TO SECSTATE WASHDC 8205

C O N F I D E N T I A L MEXICO 13616

E. O. 11652: GDS

TAGS: EFIN, EINV, MX

SUBJECT: POSSIBLE CONFLICT BETWEEN PRICE CONTROL AND MONETARY LAWS

1. SUMMARY: TREASURY AND CENTRAL BANK OFFICIALS, HAVE TOLD US THAT CONTRARY TO OUR EARLIER VIEWS, THERE MAY BE A CONFLICT BETWEEN PRICE CONTROL AND MONETARY LAWS. SUBJECT BEING STUDIED BY TREASURY LAWYERS AND THEY EXPECT TO REACH CONCLUSION FOR PUBLIC SECTOR BY END OF NEXT WEEK. FOR PRIVATE SECTOR, MATTER MAY GO TO COURTS. FEDERAL CONSUMER ATTORNEY REPORTEDLY SAID THAT NUMEROUS CASES WERE BEING SETTLED BY HIS OFFICE, BUT THAT A JUDICIAL SOLUTION MAY BE NECESSARY.

2. DURING CALLS BY EXIM OFFICIALS, WE HAD OPPORTUNITY TO RAISE POSSIBILITY OF A CONFLICT BETWEEN MEXICO'S PRICE CONTROL DECREE, BASED ON A LAW, AND ARTICLE VIII OF THE MONETARY LAW. BOTH OFFICIALS INDICATED THERE WAS POTENTIAL CONFLICT.

3. VICTOR NAVARRETE, DIRECTOR-GENERAL OF CREDIT AT TREASURY TOLD US A GROUP OF GOVERNMENT LAWYERS WAS

CONFIDENTIAL

PAGE 02 MEXICO 13616 230109Z

STUDYING THIS PROBLEM AND SHOULD REACH A DECISION BY

OCTOBER 29. HE SAID HIS VIEW WAS THAT CONTRACTS FOR GOODS SUBJECT TO PRICE CONTROLS DENOMINATED IN FOREIGN EXCHANGE WOULD HAVE TO PAID OFF AT THE CURRENT EXCHANGE RATE. HE SAID THE GOVERNMENT LAWYERS OPINION WOULD BE APPLICABLE ONLY TO PUBLIC SECTOR ENTITIES. HE ALSO PROMISED TO SEND US A COPY OF THE OPINION WHEN AVAILABLE.

4. MIGUEL MANCERA, DEPUTY DIRECTOR-GENERAL OF BANK OF MEXICO WAS ALSO AWARE OF PROBLEM AND OF THE OPINION THAT IT WOULD HAVE TO BE SETTLED IN THE COURTS. MANCERA MADE POINT THAT ANY REVOCATION OF DOLLAR CONTRACTS WOULD ONLY APPLY WHERE SUCH CONTRACTS COVER GOODS SUBJECT TO PRICE CONTROL PROGRAM.

5. OCTOBER 22 EXCELSIOR REPORTS FEDERAL CONSUMER ATTORNEY SAYING THAT HE HAD RECEIVED THOUSANDS OF COMPLAINTS FROM CONSUMERS BEING FORCED TO MAKE HIGHER PESO PAYMENTS FOR GOODS PURCHASED ON AN INSTALLMENT PLAN. HE REPORTEDLY SAID THE LEGAL ASPECT IS NOT CLEAR AND IS BEING STUDIED; AND THAT HIS OFFICES SETTLING NUMEROUS CASES THROUGH ITS CONCILIATION SERVICE. HE DID NOT SAY HOW THE CASES ARE BEING RESOLVED. COMMENT: THESE OFFICIALS ARE UNDOUBTEDLY AWARE OF DAMAGE THAT A POSSIBLE REVOCATION OF DOLLAR CONTRACTS MIGHT HAVE ON MEXICO'S CREDIT RATING, BUT DID NOT SEEM TO BE UNDULY CONCERNED. THEY ALSO SEEM TO VIEW MATTER AS A LEGAL QUESTION THAT CAN PROBABLY BE RESOLVED ONLY IN COURTS RATHER THAN BY ADMINISTRATIVE ORDER. MEXICO'S NEW FEDERAL ATTORNEY FOR CONSUMERS IS LIKELY TO TAKE PRO-CONSUMER ATTITUDE IN THIS MATTER, THOUGH WE ARE NOT SURE OF THIS.

JOVA

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LAW, PRICE CONTROLS
Control Number: n/a
Copy: SINGLE
Draft Date: 23 OCT 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976MEXICO13616
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D760398-0244
From: MEXICO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761021/aaaaartu.tel
Line Count: 94
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 20 JUL 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <20 JUL 2004 by BoyleJA>; APPROVED <03 NOV 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE CONFLICT BETWEEN PRICE CONTROL AND MONETARY LAWS
TAGS: EFIN, EINV, MX
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006